

**Testimony Before the House Committee on Agriculture
Subcommittee on Specialty Crops and Foreign Agriculture Programs
by Sean Callahan, Vice President
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June 16, 2005

Chairman Jenkins, Ranking Member McIntyre and Honorable Members of the Subcommittee, my name is Sean Callahan. I am the Vice-President for Overseas Operations of Catholic Relief Services and I appreciate this opportunity to testify before the Subcommittee on food aid programs.

May I first commend Chairman Bob Goodlatte for recognizing the need for oversight on food aid requirements, our capacity to provide aid and obstacles to the delivery of aid. I likewise thank the chairman and ranking member of the subcommittee for holding this timely hearing.

CRS is proud to be among the largest, most experienced and most effective programmers of emergency and development food aid provided by the people of the United States. We are honored to represent the 65 million member Catholic Community in a 51-year-long partnership with Food For Peace that uniquely expresses the compassion and good will of the American people.

The Title II Food Aid Program represents a unique partnership of the U.S. Government with American farmers, processors and shippers, as well as with American private voluntary organizations (PVOs). It also links American groups with partners in the developing world. These partnerships together make up one of the most successful and durable foreign assistance programs in our nation's history. Title II also provides an economic stimulus for rural America, which is often buffeted by weather, shifts in global markets and tight federal budgets.

As the Vice President for Overseas Operations, I manage and monitor CRS food aid programs in 24 countries. As a former country representative and regional director, I also have 17 years of experience in managing food aid programs.

I come before you this morning to highlight the effectiveness of PL 480 Title II food assistance programs and to highlight obstacles to effective food aid such as counterproductive proposals being advanced in the World Trade Organization.

I. Global Food Aid Requirements

CRS has carefully analyzed reports and estimates of FY 2005 food aid requirements. We reviewed information from the WFP and USAID in consultation with members of the Coalition on Food Aid. The Coalition represents 16 PVOs with operational food aid requirements. When Congress considered the FY 2005 Supplemental Appropriations

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bill, the Coalition submitted a letter requesting \$670 million to meet shortfalls for both emergency and developmental food aid.

The enactment of the Emergency Supplemental Appropriations increased Title II food aid by \$240 million. While we welcome this amount, it fell far short of anticipated needs. Consequently, CRS and Coalition allies supported efforts in both the House and Senate that urged the Administration to release additional commodities from the Bill Emerson Humanitarian Trust. Happily, President Bush recently announced that the Administration would provide \$250 million in Trust commodities to meet emergency needs in the Horn of Africa.

The combined resources, \$490 million from the FY 2005 Supplemental and the Trust release, still leave us about \$180 million short of documented needs in FY 2005. I urge the Congress and the Administration to provide the additional resources for the remaining urgent needs in Africa and Asia.

For FY 2006, CRS and the Coalition estimate that the historical 60% US share of global food aid needs amounts to \$2 billion. Providing this level will allow the U.S. to meet both our share of relief and of development commitments around the globe. Preliminary estimates show the emergence of overwhelming needs in Sudan, Ethiopia, Eritrea, and Southern Africa. In fact, 23 Sub-Saharan African countries face food shortages that will not be made up by usual trade, usual aid and local production. We will have to pick and choose who gets assistance if the resources are not available in the FY 2006 appropriations. Other agricultural exporting countries are not willing to pick up the slack, which only adds to the problem.

While funding food aid is mainly the responsibility of the Appropriations Committee, I am obliged to point out to the Subcommittee that the House passed bill provides only \$1.1 billion for FY 2006. That falls \$900 million short of the estimated need for US food aid.

A shortfall of this magnitude will also punish rural America at a time when other budget constraints may already create hardships for family farmers and ranchers. To better understand why we need to provide the full \$2 billion, I believe we need to be clear about the core purposes of this program. In the short term, food aid feeds the hungry. In the longer term, food aid is an effective tool for improving people's ability to feed themselves.

The UN Food and Agriculture Organization reports that 848 million people do not get enough to eat. Of these, the United States Department of Agriculture estimates that the number of people who live on less than 1,000 calories a day is 82 million. These people are truly hungry. And these are the people we need to help.

What do 82 million people look like? It would be as if each and every man, woman and child in the 11 home states of each and every member of this subcommittee were

starving. I ask you to imagine what you might feel if you and everyone you knew back home were starving.

What does 1,000 calories look like? It would be as if your entire daily diet consisted of a cheeseburger, an order of fries and a soda. That's it – not exactly a happy meal. In reality, it would be a bowl of rice, some potato leaves, a few ounces of fish and some palm oil.

The CDC estimates the average American male consumes 2,600 calories a day. The USDA estimates more than 800 million people worldwide live on less than 2,100 calories a day.

According to the United Nations, 25,000 people a day die of hunger related causes. They are too weak to fight off the flu or the effects of diarrhea. They are underweight infants and overwhelmed mothers. They die quietly, off camera, unnoticed by the rest of the world.

II. Food Aid Capacity

I can assure Members of the Subcommittee that Title II food aid is a wise investment. Development food aid is an effective tool that enables people to feed themselves.

Evaluations of CRS Title II programs between 2000 and 2004 showed a doubling of rice yields in India, an 86 % increase in breastfeeding in Africa, more than 1.1 million students fed, and an overall increase in the graduation rate of 42%. I would be pleased to provide additional data or examples under separate cover. Title II is an effective tool to grow farm income, increase school achievement and improve the health and nutrition of infants.

Not only are CRS programs creating measurable results, but also we are accountable for the resources used to achieve the results. Each year, our programs are audited by the USAID Inspector General and by our internal auditors as part of an OMB-required worldwide A-133 audit.

The drive to improve the lives of those we serve and the need to report results to USAID, coupled with rigorous audit requirements, result in effective, accountable, and cost effective programs. I would encourage all international organizations receiving US taxpayer money to be held to the same high standards that USAID holds American Title II PVO cooperating sponsors.

In a word, Title II development programs effectively and efficiently increase food production, education and health care. They also bolster our own national security by reducing poverty and instability in developing nations. These conditions offer a fertile breeding ground for terrorists. Removing those conditions provides a critical tool in our fight against terror.

III. Obstacles to Effective Food Aid

The main impediments to effective food aid include under funding for development programs, the failure to use the Emerson Trust in a timely and robust manner, and the threat of pending WTO proposals to curtail the use of legitimate and necessary food aid.

I believe all three obstacles fall within the oversight responsibility of this Subcommittee and the full Agriculture Committee. I come before you to seek your ongoing cooperation in addressing these problems.

First, the 2002 Farm Bill states that a minimum of 2.5 million metric tons of commodities is to be purchased with appropriated funds for Title II. While we worried that the minimum would be the maximum, recent appropriations fail to provide even the minimum.

In addition, in recent years we have seen the Title II sub-minimum tonnage level for non-emergency programs turned on its head. The law states that 1,875,000 metric tons of commodities (75% of the Title II minimum tonnage level) are for non-emergency programs. If there is a need to provide more than 25% for emergency relief, USAID must submit a waiver notice to Congress during the fiscal year in which the 25% would be exceeded. It is not acceptable for USAID to plan in advance to hold back funds from non-emergency programs, which is the continued practice.

Today, more than 75% of resources are devoted to emergency programming. We need to reverse this trend. We urge the Administration and Congress to appropriate \$1.5 billion to development and \$500 million to emergencies under Title II and, when unanticipated needs occur during the fiscal year, to use the Bill Emerson Humanitarian Trust or to seek supplemental appropriations.

Because of the diversion of Title II development assistance to emergencies, the development relief concept has been incompletely implemented; the balance has been tipped toward short-term emergency interventions, leaving limited opportunities for programs that can have a lasting impact. Scarce development resources are spent on emergencies. Rather than having development resources to build food security in the Horn of Africa, we are forced to react to acute food insecurity in places such as Ethiopia and Sudan.

While we appreciate and strongly support the role of Title II in emergency relief, we believe sacrificing long-term sustainable development for short-term emergency relief is counter-productive. The result is that instead of building community capacity to cope better with the next emergency, and so reducing the need for emergency assistance, we perpetuate the cycle of disaster and famine with our reactive responses. Providing too little, too late is disrespectful of the dignity of these most vulnerable people.

Second, as I previously noted, the preferred way to meet emergency needs is by tapping the Bill Emerson Humanitarian Trust or seeking Emergency Supplemental Appropriations from the Congress. Doing so leaves the development food aid programs intact so we can win the battle against chronic hunger. I believe the American people are always willing to respond generously to meet unseen emergency needs. We saw ample evidence of this spirit when Americans took out their checkbooks and made over \$150 million in Tsunami Relief donations to CRS alone. We simply must stop cannibalizing Title II development programs, in violation of the spirit and intent of the Farm Bill.

Third, Humanitarian food aid programs are in danger today because they are on the negotiating table as part of the latest round of World Trade Organization (WTO) Doha Round talks. The American people's ability to offer a hand up to the needy should not be a bargaining chip for agriculture trade negotiations with other countries. I am here to tell you that humanitarian food aid should not be subject to the same restrictions as commercial agricultural trade. The WTO should have a little or no role in determining how humanitarian food aid is provided. It should leave food aid decisions to institutions with food aid expertise.

We will go a long way to meeting our Millennium Development Goal of halving world hunger if we take the lead in honoring donor commitments to the Food Aid Convention. These commitments dropped from 7.5 million metric tons in 1986 to 4.8 million metric tons in 1999. The US should lead the other donor nations in reaching the 10 million metric tons target of the original Food Aid Convention.

It is critical that the Doha Round negotiators refrain from taking any actions that result in a decline in food aid availability. The US Trade Representative needs to advocate firmly at the Doha Round negotiations that Title II is neither surplus disposal nor market development. As it says on every bag and box of Title II food aid – it is a gift from the American People.

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Not accurate – food aid can cause some market distortion, but it is minimal, particularly when well-targeted, and the slight distortion is a price worth paying for the good the food aid can do.

I want to thank Chairman Goodlatte and Ranking Member Collin Peterson for their strong support of unencumbered Title II Food Aid in the WTO negotiations. The continued support of the House Agriculture Committee will make a critical difference in ensuring that hungry people can depend on help from America and other donor nations. This backing will also uphold the legitimacy of the Food Aid Convention as the appropriate venue for addressing most food aid issues. Committee support will also assure American producers, processors and shippers that they are getting fair treatment in negotiations involving food aid.

In conclusion, Mr. Chairman, we need to safeguard legitimate food aid at the WTO and ensure that we properly manage all of our food aid resources, including the Emerson Trust. Most importantly, we must insist on robust funding for development food aid programs.

It has been estimated that investing \$1 in emergency preparedness and mitigation through development programs will save \$7 in emergency response. Not doing the development programming often results in needing to respond to an emergency situation, and often the delay in responding to the emergency means that it is much larger than if we'd been able to mobilize the resources at the first sign of trouble.

Providing the full \$2 billion in FY 2006 and in years ahead will save time, save money and save lives.

Thank you. I would be pleased to respond to any questions.